

AMENDED IN ASSEMBLY MAY 2, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1622**

**Introduced by Assembly Member Cardenas**

February 23, 2001

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An act to amend Sections 124900 and 124906 of the Health and Safety Code, relating to primary health care, *making an appropriation therefor*, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1622, as amended, Cardenas. Primary care clinics: payment rates.

(1) Existing law requires the reimbursement of selected primary care clinics for the delivery of medical services, including preventive health care and smoking prevention and cessation health education, to eligible beneficiaries whose income is under 200% of the federal poverty level. Existing law requires the State Department of Health Services, in the 2001–02 fiscal year, to allocate available funds, for a subsequent 3-year period, based on reported levels of uncompensated care utilizing data from an analysis prepared by the Office of Statewide Planning and Development. Existing law prohibits clinics from submitting updated data regarding the clinic's levels of uncompensated care.

This bill would eliminate that prohibition, and would make various technical, nonsubstantive changes.

(2) Existing law requires that payment for an outpatient visit be on a per visit basis at a rate that is determined by the department to be appropriate for an outpatient visit, but not less than \$71.50.

This bill would permit payment for a dental visit on a per visit basis to be at a higher rate than a medical visit based on the department's review of comparable outpatient visits, ~~and would permit this payment to be augmented to cover the costs of specified ancillary services.~~

(3) *This bill would appropriate \$40,000,000 from the General Fund to the department for the purposes set forth in the bill.*

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) According to "The State of Health Insurance in California,  
4 1999," there were 7.3 million Californians that ~~lack~~ *lacked* health  
5 insurance coverage in 1999.

6 (b) According to the Health Insurance Policy Programs at UC  
7 Berkeley and UCLA, two-thirds of the 7.3 million uninsured are  
8 in low- and moderate-income working families with family  
9 incomes below 300 percent of the federal poverty level.

10 (c) The number of individuals that lack dental coverage is still  
11 larger because ~~that~~ dental insurance is less prevalent than medical  
12 insurance. Less than half the population is covered under dental  
13 insurance, most of which is employer based. More than 25 percent  
14 of California's preschool and elementary school children and more  
15 than 40 percent of high school students have no dental insurance  
16 or Denti-Cal coverage.

17 (d) Current government-sponsored health initiatives, such as  
18 the expansion of the Healthy Families Program to adults, will offer  
19 health coverage to approximately 300,000 adults, leaving  
20 approximately 7 million Californians still uninsured.

21 (e) Community-based clinics and health centers are the major  
22 providers of primary health care for the uninsured and medically  
23 underserved who could not otherwise afford health services.

24 (f) The Expanded Access to Primary Care Program ensures that  
25 community-based clinics and health centers have the resources to  
26 address the medical and dental care needs of the uninsured before  
27 more costly care becomes necessary.



1 (g) The Expanded Access to Primary Care Program currently  
2 provides uninsured Californians with over 300,000 medical and  
3 dental visits; however, community-based clinics and health  
4 centers participating in this program provide over 1.7 million  
5 medical and dental visits to the uninsured.

6 (h) Due to the lack of resources in the Expanded Access to  
7 Primary Care Program and rising costs of health care,  
8 community-based clinics only have the capacity to address the  
9 health care needs of approximately 10 percent of California's 7.3  
10 million uninsured individuals.

11 (i) The lack of resources in the Expanded Access to Primary  
12 Care Program is exacerbated by the rising costs of  
13 pharmaceuticals.

14 (j) According to the recent Los Angeles Times article "The  
15 Price We Pay," the cost of prescription drugs have been growing  
16 four times faster than the rate of inflation and this increase  
17 particularly impacts the uninsured. These uninsured individuals  
18 must rely on programs such as the Expanded Access to Primary  
19 Care Program.

20 (k) Since the inception of the Expanded Access to Primary  
21 Care Program in 1986, the uniform rate currently provided for a  
22 covered medical or dental visit under the program has never been  
23 adjusted to take into account the higher costs of providing  
24 pharmaceutical services to the uninsured.

25 (l) There are few safety net providers that offer dental care to  
26 underserved populations. Community clinics are the major dental  
27 provider for the uninsured. One hundred forty-four out of 692  
28 community clinics offer dental care, with the number of  
29 uncompensated dental care visits consistently exceeding 400,000  
30 per year over the last five years.

31 SEC. 2. Section 124900 of the Health and Safety Code is  
32 amended to read:

33 124900. (a) (1) The State Department of Health Services  
34 shall select primary care clinics that are licensed under paragraph  
35 (1) or (2) of subdivision (a) of Section 1204, or are exempt from  
36 licensure under subdivision (c) of Section 1206, to be reimbursed  
37 for delivering medical services, including preventative health  
38 care, and smoking prevention and cessation health education, to  
39 program beneficiaries.

(2) Except as provided for in paragraph (3), in order to be eligible to receive funds under this article a clinic shall meet all of the following conditions, at a minimum:

(A) Provide medical diagnosis and treatment.

(B) Provide medical support services of patients in all stages of illness.

(C) Provide communication of information about diagnosis, treatment, prevention, and prognosis.

(D) Provide maintenance of patients with chronic illness.

(E) Provide prevention of disability and disease through detection, education, persuasion, and preventive treatment.

(F) Meet one or both of the following conditions:

(i) Are located in an area federally designated as a medically underserved area or medically underserved population.

(ii) Are clinics that are able to demonstrate that at least 50 percent of the patients served are persons with incomes at or below 200 percent of the federal poverty level.

(3) Notwithstanding the requirements of paragraph (2), all clinics that received funds under this article in the 1997–98 fiscal year shall continue to be eligible to receive funds under this article.

(b) As a part of the award process for funding pursuant to this article, the department shall take into account the availability of primary care services in the various geographic areas of the state. The department shall determine which areas within the state have populations which have clear and compelling difficulty in obtaining access to primary care. The department shall consider proposals from new and existing eligible providers to extend clinic services to these populations.

(c) Each primary care clinic applying for funds pursuant to this article shall demonstrate that the funds shall be used to expand medical services, including preventative health care, and smoking prevention and cessation health education, for program beneficiaries above the level of services provided in the 1988 calendar year or in the year prior to the first year a clinic receives funds under this article if the clinic did not receive funds in the 1989 calendar year.

(d) (1) The department, in consultation with clinics funded under this article, shall develop a formula for allocation of funds available. It is the intent of the Legislature that the funds allocated pursuant to this article promote stability for those clinics

1 participating in programs under this article as part of the state's  
2 health care safety net and at the same time be distributed in a  
3 manner that best promotes access to health care to uninsured  
4 populations.

5 (2) The formula shall be based on both of the following:

6 (A) A hold harmless for clinics funded in the 1997–98 fiscal  
7 year to continue to reimburse them for some portion of their  
8 uncompensated care.

9 (B) Demonstrated unmet need by both new and existing clinics,  
10 as reflected in their levels of uncompensated care reported to the  
11 department. For purposes of this article, “uncompensated care”  
12 means clinic patient visits for persons with incomes at or below  
13 200 percent of the federal poverty level for which there is no  
14 encounter-based third-party reimbursement which includes, but is  
15 not limited to, unpaid expanded access to primary care claims and  
16 other unreimbursed visits as verified by the department according  
17 to subparagraph (A) of paragraph (5).

18 (3) In the 2001–02 fiscal year, and subsequent fiscal years, the  
19 department shall allocate available funds, for a three-year period,  
20 as follows:

21 (A) Clinics that received funding in the prior fiscal year shall  
22 receive 90 percent of their prior fiscal year allocation, subject to  
23 available funds, provided that the funding award is substantiated  
24 by the clinics' reported levels of uncompensated care.

25 (B) The remaining funds beyond 90 percent shall be awarded  
26 to new and existing applicants based on the clinic's reported levels  
27 of uncompensated care as verified by the department according to  
28 paragraph (4). The department shall seek input from stakeholders  
29 to discuss any adjustments to award levels that the department  
30 deems reasonable such as including base amounts for new  
31 applicant clinics.

32 (C) New applicants shall be awarded funds pursuant to this  
33 subdivision if they meet the minimum requirements for funding  
34 under this article based on the clinics' reported levels of  
35 uncompensated care as verified by the department according to  
36 paragraph (4). New applicants include applicants for any new site  
37 expansions by existing applicants.

38 (D) The department shall confer with clinic representatives to  
39 develop a funding formula for the program implemented pursuant

1 to this paragraph to use for allocations for the 2004–05 fiscal year  
2 and subsequent fiscal years.

3 (E) This paragraph shall become inoperative on July 1, 2004.

4 (4) (A) In assessing reported levels of uncompensated care,  
5 the department shall utilize the most recent data available from the  
6 Office of Statewide Health Planning and Development’s  
7 (OSHDP) completed analysis of the “Annual Report of Primary  
8 Care Clinics.”

9 (B) If the funds allocated to the program are less than the prior  
10 year, the department shall allocate available funds to existing  
11 program providers only.

12 (5) The department shall establish a base funding level, subject  
13 to available funds, of no less than thirty-five thousand dollars  
14 (\$35,000) for frontier clinics and Native American  
15 reservation-based clinics. For purposes of this article, “frontier  
16 clinics” means clinics located in a medical services study area with  
17 a population of fewer than 11 persons per square mile.

18 (6) The department shall develop, in consultation with clinics  
19 funded pursuant to this article, a formula for reallocation of unused  
20 funds to other participating clinics to reimburse for  
21 uncompensated care. The department shall allocate the unused  
22 funds to other participating clinics to reimburse for  
23 uncompensated care.

24 (e) In applying for funds, eligible clinics shall submit a single  
25 application per clinic corporation. Applicants with multiple sites  
26 shall apply for all eligible clinics, and shall report to the  
27 department the allocation of funds among their corporate sites in  
28 the prior year. A corporation may only claim reimbursement for  
29 services provided at a program-eligible clinic site identified in the  
30 corporate entity’s application for funds, and approved for funding  
31 by the department. A corporation may increase or decrease the  
32 number of its program-eligible clinic sites on an annual basis, at  
33 the time of the annual application update for the subsequent fiscal  
34 years of any multiple-year application period.

35 (f) Grant allocations pursuant to this article shall be based on  
36 the formula developed by the department, notwithstanding a  
37 merger of one of more licensed primary care clinics participating  
38 in the program.

39 (g) A clinic that is eligible for the program in every other  
40 respect, but that provides dental services only, rather than the full

1 range of primary care medical services, shall only be eligible to  
2 receive funds under this article on an exception basis. A  
3 dental-only provider's application shall include a Memorandum of  
4 Understanding (MOU) with a primary care clinic funded under  
5 this article. The MOU shall include medical protocols for making  
6 referrals by the primary care clinic to the dental clinic and from the  
7 dental clinic to the primary care clinic, and ensure that case  
8 management services are provided and that the patient is being  
9 provided comprehensive primary care as defined in subdivision  
10 (a).

11 (h) (1) For purposes of this article, an outpatient visit shall  
12 include diagnosis and medical treatment services, including the  
13 associated pharmacy, X-ray, and laboratory services, and  
14 prevention health and case management services that are needed  
15 as a result of the outpatient visit. For a new patient, an outpatient  
16 visit shall also include a health assessment encompassing an  
17 assessment of smoking behavior and the patient's need for  
18 appropriate health education specific to related tobacco use and  
19 exposure.

20 (2) "Case management" includes, for this purpose, the  
21 management of all physician services, both primary and specialty,  
22 and arrangements for hospitalization, postdischarge care, and  
23 followup care.

24 (i) (1) Payment shall be on a per visit basis at a rate that is  
25 determined by the department to be appropriate for an outpatient  
26 visit as defined in this section, and shall be not less than  
27 seventy-one dollars and fifty cents (\$71.50).

28 (2) Notwithstanding paragraph (1), payment for a dental visit  
29 on a per visit basis may be at a higher rate than a medical visit based  
30 on the department's review of comparable outpatient visits  
31 pursuant to paragraph (4).

32 ~~(3) The per visit rate for an outpatient visit described in~~  
33 ~~paragraph (1) and paragraph (2) shall be augmented to cover the~~  
34 ~~costs of ancillary services including pharmacy, laboratory, and~~  
35 ~~x-ray services at a rate determined by the department to be~~  
36 ~~appropriate.~~

37 ~~(4)–~~

38 (3) In developing a statewide uniform rate for an outpatient  
39 dental or medical visit as defined in this article, the department  
40 shall consider existing rates of payments for comparable



1 outpatient visits. Comparisons for dental visits shall be based on  
2 comparable outpatient medical visits. The department shall review  
3 the outpatient visit rate on an annual basis and provide a report of  
4 this review to the Legislature.

5 (j) Not later than May 1 of each year, the department shall adopt  
6 and provide each licensed primary care clinic with a schedule for  
7 programs under this article, including the date for notification of  
8 availability of funds, the deadline for the submission of a  
9 completed application, and an anticipated contract award date for  
10 successful applicants.

11 (k) In administering the program created pursuant to this  
12 article, the department shall utilize the Medi-Cal program statutes  
13 and regulations pertaining to program participation standards,  
14 medical and administrative recordkeeping, the ability of the  
15 department to monitor and audit clinic records pertaining to  
16 program services rendered to program beneficiaries and take  
17 recoupments or recovery actions consistent with monitoring and  
18 audit findings, and the provider's appeal rights. Each primary care  
19 clinic applying for program participation shall certify that it will  
20 abide by these statutes and regulations and other program  
21 requirements set forth in this article.

22 SEC. 3. Section 124906 of the Health and Safety Code is  
23 amended to read:

24 124906. A program applicant's uncompensated care shall be  
25 determined by, and based on, the number of visits for patients  
26 whose income level is at or below 200 percent of the federal  
27 poverty level, and whose health care costs are not reimbursed by  
28 any encounter-based third-party payer, which includes, but is not  
29 limited to, unpaid expanded access to primary care claims or other  
30 unreimbursed visits, as verified by the department according to  
31 paragraph (4) of subdivision (d) of Section 124900.

32 ~~SEC. 4.—It is the intent of the Legislature that Section 124900~~  
33 ~~of the Health and Safety Code, as amended by this act, be financed~~  
34 ~~by an appropriation of \_\_\_\_\_ million dollars (\$\_\_\_\_) from the~~  
35 ~~General Fund to the State Department of Health Services, with~~  
36 ~~\_\_\_\_\_ million dollars (\$\_\_\_\_) specifically targeting~~  
37 ~~uncompensated dental care visits and \_\_\_\_\_ million dollars (\$\_\_\_\_)~~  
38 ~~specifically targeting the costs of pharmaceuticals in~~  
39 ~~uncompensated care visits.~~



1     SEC. 4. *The sum of forty million dollars (\$40,000,000) is*  
2 *hereby appropriated from the General Fund to the State*  
3 *Department of Health Services for the purposes of Section 124900*  
4 *of the Health and Safety Code, as amended by this act. Ten million*  
5 *dollars (\$10,000,000) of the appropriated funds shall be used to*  
6 *pay for otherwise uncompensated dental care visits.*

7     SEC. 5. This act is an urgency statute necessary for the  
8 immediate preservation of the public peace, health, or safety  
9 within the meaning of Article IV of the Constitution and shall go  
10 into immediate effect. The facts constituting the necessity are:

11     In order to provide funding necessary for the expansion of  
12 access to primary care clinic programs and to make other changes  
13 necessary for the operation of those programs at the earliest  
14 possible time, it is necessary that this act go into effect  
15 immediately.

